

AMENDED IN ASSEMBLY APRIL 27, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2335

Introduced by Assembly Member Brownley

February 19, 2010

An act to add ~~Section 41054 to~~ *and repeal Section 41054 of the Education Code, relating to education finance.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2335, as amended, Brownley. Education finance: school-based financial reporting system.

Existing law establishes the public school system in this state, and, among other things, provides for the establishment of school districts throughout the state and for their provision of instruction at the public elementary and secondary schools they operate and maintain. Existing law establishes a public school funding system that includes, among other elements, the provision of funding to local educational agencies through state apportionments, the proceeds of property taxes collected at the local level, and other sources.

This bill would express findings and declarations of the Legislature with respect to the school funding system in the state. This bill would require the Superintendent of Public Instruction to study prescribed topics relating to ~~a school-based financial reporting system~~ *the statutory, regulatory, ministerial, and programmatic changes that would be necessary to support the development, implementation, and use of comprehensive school-level financial data and to make findings and recommendations to the Legislature and the Governor about these topics on or before December 1, 2011. These provisions would be repealed on December 1, 2015.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
2 following:
- 3 (a) The 22 studies of the Getting Down to Facts Project and the
4 Governor's Committee on Education Excellence were consistent
5 in their conclusions that California's current education finance
6 system is overly complex, irrational, and burdensome, and is in
7 need of a long-term plan for comprehensive reform.
- 8 (b) The complexity of the current system poses a major obstacle
9 to transparency and effectiveness. It is almost impossible to
10 determine how much revenue each school district receives or how
11 those revenues are spent, let alone to report this information to
12 local communities, stakeholders, and the state.
- 13 (c) The current system is not logical, with district revenues that
14 are largely a historical artifact of spending in the 1970s, combined
15 with a confusing and burdensome system of categorical programs.
16 Disparities in school and district revenues are substantial, and are
17 not aligned to pupil or educator needs.
- 18 (d) The system places substantial restrictions on the use of
19 resources by schools and districts, creating high compliance costs
20 and making it difficult for local educators to respond to the needs
21 of their pupils. Fewer paperwork requirements and more flexibility
22 in allocating resources are cited by school principals as two of the
23 most important factors in improving pupil outcomes.
- 24 (e) Many schools and districts lack the proper tools or capacity
25 to ensure that money is spent on the most effective programs and
26 practices. Research consistently finds that successful schools use
27 data to inform teaching practices and innovation. However,
28 California schools and districts vary widely in their use of data
29 and in their capacity to use data to improve pupil performance.
- 30 (f) Ensuring that money is spent efficiently and effectively
31 requires a complete understanding of how money is allocated by
32 school districts and spent within schools. However, California
33 does not collect financial data that is useful for determining the
34 effectiveness of resources at the state, district, or school levels.

(g) Therefore, it is the intent of the Legislature to do both of the following:

(1) Support accountability by increasing the transparency of state funding mechanisms and of expenditure decisions at the local level.

(2) Improve the reporting of financial data so that programmatic investments can be linked to programs at school sites that increase pupil achievement.

SEC. 2. Section 41054 is added to the Education Code, to read:

~~41054. (a) The Superintendent shall study, and report upon, both of the following topics with respect to moving to a school-based financial reporting system:~~

~~(1) Modifications to the standardized account code structure to provide school-level reports on revenue and expenditures to facilitate easy comparisons across schools and districts, including comparisons of school, district, and statewide demographics and academic performance, and data on program-level expenditures.~~

~~(2) An evaluation mechanism to facilitate continuous improvement, maximum transparency, and accountability of the primary funding structures, as well as a consistent process to evaluate the effectiveness of any specific programs that are funded separately.~~

~~(b) The Superintendent shall present the findings and recommendations reached pursuant to this study to the Legislature and the Governor on or before December 1, 2011.~~

41054. (a) On or before December 1, 2011, the Superintendent shall make recommendations to the Legislature and the Governor concerning the statutory, regulatory, ministerial, and programmatic changes that would be necessary to support the development, implementation, and use of comprehensive school-level financial data that would be used to produce all of the following:

(1) Simple to use, transparent, and informative school-level financial reports showing both the source of school-level revenue and the expenditures made by each school.

(2) In-depth analyses of school-level financial data including, but not necessarily limited to, analyses by fund source, function, program, and object.

(3) Comparisons of financial data across schools, both within the district and outside of the district, and over time.

1 (4) *Linkages between school-level financial, demographic,*
2 *programmatic, and academic achievement data so as to facilitate*
3 *program and policy evaluation.*

4 (5) *A comprehensive means for the education community,*
5 *policymakers, researchers, and the public to easily access*
6 *information about all aspects of the performance of each school*
7 *in the state.*

8 (b) *The Superintendent's recommendations made pursuant to*
9 *subdivision (a) shall focus on all changes that are necessary to*
10 *support a future local educational agency requirement for*
11 *school-level financial data reporting and to support the*
12 *comprehensive uses described in subdivision (a). These*
13 *recommendations shall address, but not necessarily be limited to:*

14 (1) *Modifications to the standardized account code structure.*

15 (2) *Modifications to the California School Accounting Manual.*

16 (3) *Modifications to financial regulations imposed upon or other*
17 *instructions provided to school districts, county offices of*
18 *education, or charter schools.*

19 (4) *Modifications to the School Accountability Report Card.*

20 (5) *Changes to existing data collections or the implementation*
21 *of new data collections.*

22 (6) *Changes to the state's Education Information System,*
23 *especially to facilitate the linking of school financial, demographic,*
24 *and pupil program data.*

25 (7) *Changes to the state's hardware and software support or*
26 *capacity, or other information technology needs that would be*
27 *necessary to support publicly available school-level data analysis*
28 *and evaluative tools, as well as publicly available school-level*
29 *reports.*

30 (c) *It is the intent of the Legislature that the Superintendent, in*
31 *making the recommendations pursuant to this section, shall do*
32 *both of the following:*

33 (1) *Build upon previous research, reports, evaluations, audits,*
34 *and studies.*

35 (2) *Develop the recommendations in consultation with*
36 *policymakers, members of the education community, members of*
37 *the public, and other stakeholders.*

38 (d) (1) *A report to be submitted pursuant to subdivision (a) shall*
39 *be submitted in compliance with Section 9795 of the Government*
40 *Code.*

1 (2) *Pursuant to Section 10231.5 of the Government Code, this*
2 *section is repealed on December 1, 2015.*

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